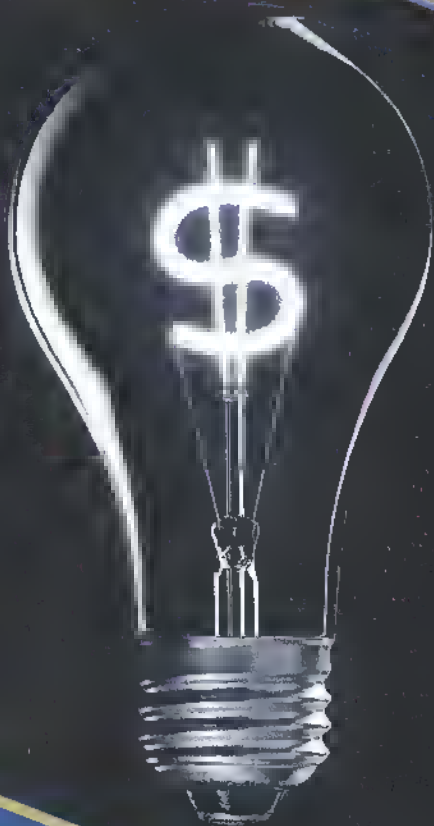


SMALL BUSINESS POWER GUIDE

A guide to Electric Restructuring
for small businesses.



Maine Public Utilities Commission

SMALL BUSINESS POWER GUIDE

WHY RESTRUCTURE THE ELECTRIC INDUSTRY?

Most consumers in Maine and the rest of New England have some of the highest electric rates in the country. This so concerned the Legislature that in 1997 it passed a law opening up electricity supply to competition. Restructuring should, over time, bring Maine's overall electric rates closer to the national average. It also may result in more efficient ways of producing electricity.

WILL SERVICE BE RELIABLE?

Electric Restructuring won't interrupt your supply of electricity at all. **Transmission**, which brings electricity from the supply source to local substations, and **distribution**, which includes the wires and poles that bring the power to homes and businesses, are not open to competition and choice. Delivery will still be provided by your current electric company (Distribution Company) which means the reliability and availability of your service will not change. Your Distribution Company will still deliver your power, maintain wires and poles, and restore power after an outage. Depending on where you live in Maine, your Distribution Company will continue to be Central Maine Power (CMP), Bangor Hydro Electric (BHE), Maine Public Service (MPS) or one of Maine's consumer-owned utilities.

ELECTRIC CHOICE IS COMING TO MAINE!

For the past 80 years, a single utility company has supplied and delivered electricity to your area under the supervision of the Maine Public Utilities Commission (PUC). Beginning March 2000, Maine's electric industry will be restructured, which means the supply portion of electric service is opening up to a competitive market. All of Maine's residential, business and municipal consumers can choose the company that produces their electricity. As a business owner, you probably have questions about how Electric Restructuring will affect you.

WHAT WILL HAPPEN TO RATES?

It may take time for the benefits of electric restructuring and choice to significantly affect your bottom line. Although there are no guarantees, over time, restructuring should lower overall electricity costs. A major benefit of electric restructuring is that Suppliers, and not consumers, bear the financial risk of investing in new generation plants. Before restructuring, if the cost of energy from existing plants was greater than the cost from new supply sources, customers still had to pay the higher cost of the older plants, possibly for many years. With restructuring, these financial risks are borne by Suppliers only. What will help rates fall is that the "stranded costs" associated with Maine's more expensive generation plants will be written off over the next decade. Restructuring also prevents new "stranded costs" from being created. Rates may also be lowered as the industry develops more efficient ways of producing energy.

For most small businesses, electricity supply accounts for approximately one-third of your total bill. If you choose a new Supplier, any potential savings will apply only to that portion of your bill.



DO I HAVE TO CHOOSE?

You aren't required to choose a Supplier. If you haven't chosen an Electricity Supplier to serve you beginning March 1, 2000, you will automatically receive Standard Offer Service. Standard Offer is the "default" service that provides electricity to those who haven't chosen or are between Suppliers. If you choose to take advantage of Electric Choice, you may find that new Suppliers can provide electric service better suited to your business needs.

WHEN DO I NEED TO MAKE A CHOICE?

To be sure your choice of a competitive Supplier is effective on March 1, 2000, you must sign up for a Supplier several weeks in advance, by early to mid-February. If you don't choose a Supplier for March 1st, and therefore receive Standard Offer Service, you may select a new Supplier at any time. After March 1st, the choice of a Supplier becomes effective on your next scheduled meter-read date. You can switch to Standard Offer Service at any time.

HOW DO I FIND A NEW SUPPLIER?

As competitive Suppliers enter Maine's electric market, you may receive offers and information by mail or phone. You may also contact the PUC for a list of Suppliers serving your area.

There may be several types of Electricity Suppliers in the market. Suppliers may be actual owners and producers of electricity supply, middlemen who purchase the output from producers for resale at retail, brokers who put individual customers in touch with Suppliers, or Aggregators that negotiate with Suppliers on behalf of groups of customers. Suppliers may have several plans and options available. If you choose a Supplier, make sure you confirm which plan you are selecting. Always compare the rates from Suppliers with Standard Offer rates. For current Standard Offer rates call the toll-free PUC Electric Choice Information Line at 1-877-PUC-FACT (1-877-782-3228), visit the Electric Choice Website at www.pucfact.com or contact your Distribution Company.

WHAT ARE BUYING GROUPS?

The power of group buying is common in businesses from health insurance to wholesale clubs. Group buying of electricity is happening in other states where restructuring has taken place. Electric buying groups, in some cases known as aggregates, benefit both the consumer and the Supplier. An electricity buying group may be formed just to purchase electricity or may be an existing group. In other states that have opened their electric utility industries to competition, these groups have included trade associations, non-profit organizations, churches, municipalities, school districts, and business organizations.



WHAT ARE THE BENEFITS OF JOINING A BUYING GROUP?

Effective buying groups provide important information and reduce costs for members. Members of the buying group may receive discounted prices, special billing services, advice on and financing for improving the energy efficiency of their homes or businesses, or power from preferred sources—such as renewable power. These benefits often mean more favorable prices and terms for group members than they can find on their own. The Supplier benefits by gaining significant market share with a single deal.

HOW DO I FIND OUT MORE ABOUT BUYING GROUPS?

Group buying may take various forms. As with any new business relationship, you should carefully review the group's membership, financial viability and goals and understand your obligations before signing a contract. Aggregators must meet financial and technical criteria, and be licensed by the PUC. For an in-depth pamphlet on Group Power, or for a list of PUC-licensed Aggregators, call the PUC's toll-free Electric Choice Information Line at 1-877-PUC-FACT (1-877-782-3228), or visit the Electric Choice Website at www.pucfact.com.

ARE THERE ANY ADDITIONAL CHARGES FOR ELECTRICITY SUPPLY?

Some additional fees may apply, especially for larger commercial and industrial consumers. Ask your Supplier before you switch if there are any special charges, terms, or conditions. For example, some Suppliers may charge a fee for start-up or early cancellation of service. Be sure to look at the Terms of Service agreement your Supplier provides when you switch to see what fees are included.

DO SWITCHING FEES APPLY TO MY COMPANY?

Small business and residential customers are not charged switching fees. Some Electricity Suppliers may assess service initiation or early cancellation fees. Ask about such fees before making a purchase agreement. Also, customers returning to Standard Offer service who do not return on their regular meter-read date will be charged a bill estimation or off-cycle meter read fee, depending on their preference.

Medium and large business customers and Aggregators leaving Standard Offer service may, in certain circumstances, be charged an "opt-out" fee. This fee applies when a customer or Aggregator—who has previously purchased in the competitive market—leaves Standard Offer service with less than 12 months on Standard Offer since his previous return from the competitive market. The opt-out fee equals the amount of the customer's average monthly electricity supply bill for the most recent period of Standard Offer service. To find out if your business might be assessed an opt-out fee for leaving Standard Offer service, contact your Distribution Company.

WHAT WILL HAPPEN TO DEMAND CHARGES?

Most larger commercial and industrial customers are charged demand fees to compen-

sate the Distribution Company for being ready to provide electricity for peak electrical demand at any time. Most Distribution Companies will continue to assess demand charges for Maine's larger commercial and industrial customers. Some Electricity Suppliers may also assess demand charges. Be sure to ask your potential Supplier.

WHO WILL SEND MY BILL?

In Maine's new competitive electricity market the bills for all customers will distinguish between charges for supply and charges for delivery. For many customers, including all Standard Offer customers, these two charges will be presented on a single bill sent by the Distribution Company. In some cases, depending on the arrangement between your Electricity Supplier and your Distribution Company, your Supplier may bill you separately.

WHAT ARE MY POWER SOURCE OPTIONS?

Electric Choice gives you control over how your energy dollars are being spent by letting you choose the environmental effects of your electricity supply. Restructuring also gives you the option to choose more environmentally-friendly energy sources. Different forms of electricity generation have different effects on the environment. Depending on the percentage of environmentally-friendly energy your Supplier uses, your choice could positively affect the environment. By Maine law, Suppliers must include a minimum of 30% renewable and efficient energy in their power mix. But, based on consumer demand, some Suppliers may include more renewable energy.



Renewable power is generated from a source that either doesn't run out or is quickly renewed through natural processes including wind, water (hydroelectric), sun (solar), wood burning (biomass) and trash-to-energy plants.

Non-renewable power is generated from a source that can only be used once, including nuclear, oil, coal and natural gas.

For the most part, renewable energy is produced without significant air pollution, but non-renewable energy may be less costly to produce. You may be able to affect the availability and pricing of renewable energy sources by purchasing an environmentally-friendly plan. As demand grows, cost differences may decrease.

For more detailed information, a Power Sources brochure is available by calling the PUC's toll-free Electric Choice Information Line at 1-877-PUC-FACT (1-877-782-3228), or accessing it on the Electric Choice Website at www.pucfact.com.

ARE THERE ANY BUSINESS PROTECTIONS?

The PUC has established a detailed set of rules for all competitors in the electric utility industry.

LICENSING

Electricity Suppliers and Aggregators must be licensed by the PUC before offering services. They must meet specified technical and financial standards.

UNIFORM DISCLOSURE

For a fair comparison of offers, you'll receive a Uniform Information Disclosure Label stating average price per kilowatt-hour, pricing variability, energy resource mix and air emissions information. If your demand is equal to or less

than 100 kilowatts you will receive this information when you make a purchasing agreement, quarterly with your bill and upon request. If your demand exceeds 100 kilowatts, the label is available only upon request.

TERMS OF SERVICE

A written "Terms of Service" document highlighting what you've agreed to must be provided after you sign up with a competitive Supplier. Under a "right of rescission," you can cancel your purchasing agreement without incurring fees if you do so within 5 calendar days from the date your Supplier mails you your Terms of Service document. If your demand exceeds 100 kilowatts this provision does not apply.

SLAMMING PROTECTIONS

"Slamming" protections are in place so you can't be automatically included in an aggregate or switched to an Electricity Supplier without your permission. If your demand exceeds 100 kilowatts, this provision does not apply.

DO NOT CALL LIST

Suppliers must comply with federal and state laws regarding telephone solicitation. They are allowed to make telemarketing calls only between 8 a.m. and 9 p.m. and must maintain a "Do Not Call" list. You may call a Supplier to request that your name be added to their "Do Not Call" list or notify them when they contact you. You may also join a national "Do Not Call" list that will prevent solicitation by phone from a wide variety of companies.

HOW TO PUT YOUR NAME ON THE NATIONAL

DO NOT CALL LIST

To put your name on the national "Do Not Call" list, write to: Telephone Preference Service, Direct Marketing Association,

P.O. Box 9014, Farmingdale, NY 11735-9014. Be sure to include your full name, address and phone number with area code.

PRIVACY

Suppliers and Aggregators cannot get your energy-use information without your authorization. This is an important protection for business consumers who wish to keep their energy-use information private.

WHERE DO I GO FOR MORE INFORMATION?

For a free comprehensive guide to Electric Restructuring, request a copy of the "Power Guide" from the PUC. A list of PUC licensed Suppliers and Aggregators is available by calling the toll-free Electric Choice Information Line at 1-877-PUC-FACT (1-877-782-3228), or visiting our Electric Choice Website at www.pucfact.com.

We also suggest that you check Electricity Suppliers or Distribution Company websites for more information about their services and rates.

This information is brought to you
in partnership with the
Maine State Chamber of Commerce
and the following small business
advocates:

*National Federation of Independent
Business (NFIB/Maine)*

Maine Small Business Development Centers

Finance Authority of Maine (FAME)

*Maine Department of Economic &
Community Development*

U.S. Small Business Administration

ADDITIONAL RESOURCES ON
ELECTRIC RESTRUCTURING

- GROUP POWER - A guide to group buying and aggregation.
- POWER GUIDE- A comprehensive guide to electric restructuring.
- POWER SOURCES - A guide to renewable and non-renewable electricity sources.
- ELECTRIC CHOICE WEBSITE
www.pucfact.com
- VIDEO
“Electric Restructuring in Maine”



Maine Public Utilities Commission
242 State Street
Augusta, ME 04333-0018

If you would like to request any materials, call the toll-free PUC Electric Choice Information Line at 1-877-PUC-FACT (1-877-782-3228) TTY 1-800-437-1220